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SUBJECT: JHARKAND'S GOVERNMENT BEGINS TO CRUMBLE, WITH LITTLE HOPE  
FOR A STABLE OUTCOME

REF: A)NEW DELHI 1519, B)NEW DELHI 1304, C)CALCUTTA 072, D)CALCUTTA 107

1. (U) SUMMARY: The fate of the Jharkhand state government, led by Bharatiya Janata Party's (BJP) Arjun Munda, has become uncertain with the resignation of four ministers. However, the shape of an alternative formation is still unclear, with major national parties like the Indian National Congress (Congress) and the BJP taking a cautious approach because of national ramifications. Jharkhand is going to witness intense political maneuvering in the short term, even as governance and development come to a halt. END SUMMARY.

2. (U) On September 5, four ministers of the Jharkhand government -- Madhu Koda (Parliamentary Affairs), Enos Ekka (Rural Development), Harinarayan Rai (Forestry) and Kamlesh Singh (Water Resources) - resigned, citing Chief Minister Arjun Munda's condescending attitude and lack of confidence in them. With the four ministers quitting, Munda now has the support of 39 legislators -- two short of a majority -- in the 81-member House. He met with Jharkhand Governor Syed Sibte Razi on September 6 to say that despite the rift in the ranks, he is confident of proving his majority. Media reports indicate that the Governor asked Munda to prove his majority on or before September 14, giving the CM seven days to drum up support.

3. (U) The Jharkhand government had been run by the National Democratic Alliance (NDA), a BJP-led coalition. While the NDA is eager to save its remaining state governments, the United Progressive Alliance (UPA), led by the Congress Party, is divided as to whether it wants to precipitate political change in Jharkhand. The Congress does not want to replicate the fiasco of March 2005, when the UPA-backed JMM candidate was defeated in a no-confidence motion ordered by the Supreme Court (Note: The Court had to intervene following a complaint by the NDA that the Governor had acted in a partisan manner to appoint JMM's Shibu Soren as Chief Minister even when he did not have the necessary majority. The Supreme Court's directive and Munda's subsequent victory at the no-confidence motion resulted in a political advantage for the NDA. End Note).

4. (U) The Congress party is also chastened by the reversal they suffered in Bihar caused in part by high-handedness of the Congress-friendly Governor there, and sources in Delhi indicate the Congress has decided that the Governor in Jharkhand should appear above the fray as the Munda government flails about for the next week to salvage its position. In the meantime, Congress has supposedly very quietly asked Bihari strongman and Union Railways Minister Lalu Prasad Yadav to start working below radar to nudge Munda's government over the edge. Congress took this decision because it does not want to spark immediate

BJP/NDA reprisals in states where the Congress might also be similarly vulnerable.

15. (U) Sources told post that a week's time was long enough for Munda and the NDA leadership to work out a strategy for remaining in power in Jharkand. Munda appears to have a few options: he can try to convince the rebel ministers to return to his fold. He can reach out to smaller parties in the Assembly and seek their support if the rebels do not fall in line. He can also possibly engineer a split in the Opposition groups, many of whom would be eager to be in the government. For the UPA, the seven-day window will be a chance to decide whether it wants to stitch together a coalition that can replace Jharkhand's NDA government. While the Rashtriya Janata Dal (RJD), the Jharkhand Mukti Morcha (JMM) and the Left - all UPA allies -- are eager to oust the NDA from Jharkhand, the Congress has decided to take a "cautious" approach.

16. (SBU) Comment. As the numbers stack up now, any government in Jharkhand will be unstable. The Congress will not like to give the impression of a "power-hungry" party, and will, at the most, back a UPA candidate for chief minister and support the government from outside. The names of one of the defectors, Madhu Koda, and former CM Shibu Soren (of JMM) have already been mentioned as possible UPA-backed candidates for the chief minister's slot. Federal Railways Minister and RJD leader Lalu Prasad Yadav is not averse to backing Soren, but will not like to take any overt action. Meanwhile, the NDA, trying to save the Jharkhand government, is busy drumming up support for Munda. In the middle of this fast-changing scenario, the idea of calling for fresh elections by annulling the legislature is also making the rounds. The demand for fresh elections will find backers across Jharkhand's political spectrum if Munda fails to establish a convincing majority on September 14.

17. (SBU) Comment Continued: Political vulnerability was built  
CALCUTTA 00000401 002 OF 002

into Jharkhand's NDA government from the very beginning due to the fragility of the NDA coalition. Switching of allegiance by a few legislators is enough to bring down any government. The UPA coalition in Jharkand is no better, (it is more fractured than the NDA coalition), and it is equally vulnerable if not more so. While a section within the Congress will push for fresh elections, the BJP and its allies - given the adverse national political scenario - will most likely go all out to save the present government. Meanwhile, for mineral-rich Jharkhand, lack of governance will lead to deterioration of law and order and stalled economic development in a state that has good investment potential. But until Jharkhand's political establishment cleans up its act, such investments will remain only in the realm of possibility. Ultimately, the immediate net effect of all this local intrigue on politics at the Centre will be minimal, but does serve as a barometer of the failing health of the NDA nationwide. End Comment.  
JARDINE